

Contract No. **NAUM-0**
Return to
Asst. Secy. Santa Fe Pac. RR. Co., Topeka

HAYSTACK MOUNTAIN DEVELOPMENT COMPANY

AND

SANTA FE PACIFIC RAILROAD COMPANY

DATED JANUARY 1, 1954.

RELATING TO EXPENDITURES FOR EXPLORATIONS.

Newmont-Haystack 104(e) Response
000415

FILED BY *R. S.*
JAN 20 1955
Asst. Secy. Santa Fe Pac. RR. Co.

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AGREEMENT, Made as of this 1st day of January, 1954, between SANTA FE PACIFIC RAILROAD COMPANY, hereinafter called Santa Fe, and HAYSTACK MOUNTAIN DEVELOPMENT COMPANY, hereinafter called Haystack.

RECITALS:

Santa Fe holds title to certain lands, or to the minerals therein, situated in New Mexico and Arizona. Santa Fe has expended since 1950, and hereafter will continue to expend, substantial sums in the exploration and development of uranium ore deposits in such lands.

Santa Fe, by Assignment and Lease Agreement (Secretary's Contract No. 99989-B), dated September 30, 1952, granted and leased to Haystack the exclusive right to prospect for, remove and dispose of all uranium-bearing ores in certain of these lands situated in McKinley and Valencia Counties, New Mexico. Haystack since that time has expended, and will hereafter continue to expend, substantial sums in exploring and developing uranium ore deposits on the lands leased from Santa Fe and other lessors.

Because of the close proximity of the lands to be explored and developed by Santa Fe and Haystack, the joint use of personnel, equipment, facilities and the services of independent contractors, employed, owned or contracted for by the other, will permit both companies to avoid dupli-

cation of expense and to maintain more efficient and economical operations.

NOW, THEREFORE, the parties hereto, for the considerations herein expressed, mutually agree as follows:

1. That Santa Fe and Haystack shall each authorize certain of its officers or supervisory employees to enter into arrangements with the authorized officers or employees of the other for the joint use of personnel, equipment, facilities, and the services of independent contractors, when, in the judgment of such officers or employees, such joint use will not be detrimental to the operations of either company.

2. That Santa Fe and Haystack shall each bear the full cost attributable to services rendered and equipment, facilities and materials used in operations conducted on or in connection with its mineral properties; that costs representing the expense of fuel, maintenance and repair of equipment and facilities, depreciation, insurance, pay roll taxes and wages, salaries, contractors' charges, rental expense and other charges based upon time rates, shall be apportioned between Santa Fe and Haystack on the basis of the time such services, equipment and facilities are employed in operations on or in connection with the mineral properties of each;

that charges for drilling or stripping and other charges based upon other than time rates shall be apportioned between Santa Fe and Haystack upon the basis of the amount of such work performed on or in connection with the mineral properties of each; that costs attributable to the acquisition or construction of new equipment and facilities and the maintenance or repair of existing equipment and facilities by one company, where such equipment is owned or leased by, and the facilities are located on property the minerals in which are owned or under lease to, the other company, shall be charged directly to such other company.

3. That Santa Fe and Haystack shall render, each to the other on or before ^{January 15, 1955} ~~January 10, 1955~~, an accounting and billing for all costs incurred by it during the calendar year 1954 for operations (exploration, development or otherwise) conducted on or for the benefit of the mineral properties of the other; and shall thereafter render a monthly accounting and billing of all such costs incurred by it in such operations, such monthly accounting and billing to be submitted not later than the ^{15th} ~~10th~~ day of the succeeding month.

Sam
R&P

Sam
R&P

IN WITNESS WHEREOF, the parties hereto have duly
executed this agreement this 3rd day of January, 1955

SANTA FE PACIFIC RAILROAD COMPANY,

ATTEST:

By

R. S. Rydman
Its Vice President

W. L. Camp
Assistant Secretary

HAYSTACK MOUNTAIN DEVELOPMENT
COMPANY,

ATTEST:

By

B. Marsh
Its Vice President

A. B. Joseph
Assistant Secretary